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7 June 1983

WEST EUROPE REPORT

No. 2155

CONTENTS

TERRORISM

GREECE

- ND Protests Abolition of Antiterrorist Law
(I KATHIMERINI, 19 May 83) 1

ENERGY ECONOMICS

EUROPEAN AFFAIRS

- EEC Document on Effects of Oil Price Cuts on Energy
(RASSEGNA PETROLIFERA, 18 Apr 83) 2

GREECE

- Negotiations for Esso Purchase Continuing
(I KATHIMERINI, 17 May 83) 5

- Ioannina Oil Find Deemed Uneconomical
(TA NEA, 19 May 83) 6

- Briefs
Romanian Drill Purchase 7

NORWAY

- Labor Party Newspaper Cites Consensus in Oil Policy
(Editorial; ARBEIDERBLADET, 29 Apr 83) 8

ECONOMIC

CYPRUS

- Possible Payments in Kind to USSR
(KHARAVGI, 29 Apr 83) 10

Kuwait Grants Development Loan on Easy Terms (O AGON, 7 May 83)	11
FINLAND	
Government Weighing Subsidy for Plant Making USSR Railcars (HELSINGIN SANOMAT, 30 Apr 83)	12
State Debt Increased Over Eight Billion Dollars in 1982 (HELSINGIN SANOMAT, 30 Apr 83)	13
Sulo Penttila, Head of Metal Workers Union, Profiled (Juhani Aromaki; HELSINGIN SANOMAT, 10 Apr 83)	15
GREECE	
Purchase of U. S.-Made Firefighting System Seen Advantageous (Spyros Karatzafaris; ELEVTHEROTYPIA, 16 May 83)	21
Cooperation With Sweden Intensified (I KATHIMERINI, 21 May 83)	22
Details on New 500-Million Dollar Loan (I KATHIMERINI, 12 May 83)	23
Briefs April Unemployment Up	24
ITALY	
'CENSIS' Report on Presence of Guest Workers (Mario Scialoja; L'ESPRESSO, 27 Feb 83)	25
Analysis of Early Retirement Decree-Law for Public Sector (Elio Corrente; CONQUISTE DEL LAVORO, 14 Mar 83)	32
TURKEY	
Efforts to Bolster Trade With Libya (TERCUMAN, 4 May 83)	40
Foreign Banks Muster Credit for Turkey (MILLIYET, 4 May 83)	42
Credit Export Regime Initiated With Iraq (TERCUMAN, 1 May 83)	45
Worker Companies Remain in Dire Financial Straits (Nurten Bayraktar; TERCUMAN, 1 May 83)	46

Bursa Chamber Sees Need for Electricity Import (DUNYA, 16 May 83)	48
DDY Stresses Port Facility Investment (DUNYA, 16 May 83)	50

POLITICAL

BELGIUM

Walloon Regional Administration Problems Resolved (LE SOIR, 18 Apr 83)	52
---	----

FINLAND

NATO Missiles, Reagan Figure in May Day CP Leaders' Talks (HELSINGIN SANOMAT, 3 May 83)	55
Sorsa in May Address: SKDL Not Fit for Cabinet Share (HELSINGIN SANOMAT, 3 May 83)	58
Paper Discusses 'Surprises' in Shape of New Government (Editorial; HELSINGIN SANOMAT, 4 May 83)	60
Paper Views Relations Between Communists, Labor Movement (Editorial; HELSINGIN SANOMAT, 10 Apr 82)	62
Paper Interprets Greens' Political Program (Editorial; HELSINGIN SANOMAT, 10 Apr 83)	64
Development Aid Granted to Ethiopia, Sudan (HELSINGIN SANOMAT, 10 Apr 83)	66

GREECE

Papandreou Attempts Balance Between Technocrats, Hardliners (EPIKAIRA, 21 Apr 83)	67
Pro-PASOK Daily Criticizes Government Handling (Nikiforos Andonopoulos; TA NEA, 20 Apr 83)	70
Difficulties Reported Within ND on Leadership Issue (TA NEA, 20 Apr 83)	72
Politicians' Files on National Security Transferred to YPEA (I KATHIMERINI, 18 May 83)	74
Arsenis-Varfis Disagreement on EEC Memorandum (I KATHIMERINI, various dates)	76
Varfis Resignation Offer Papandreou Statement	

Turkish Airspace Violations Seen Carefully Chosen (I KATHIMERINI, 14 May 83)	81
Not Violations But Infringements Dialogue Must Continue	
SWEDEN	
Conservative Party Leader Adelson Sees 'Conservative Wave' (Dick Ljungberg; DAGENS NYHETER, 24 Apr 83)	84
Paper Discusses Possible Reasons for Conservatives' Gain (Editorial; DAGENS NYHETER, 25 Apr 83)	86
Poll Shows Conservatives Continuing Advance (Sven Svensson; DAGENS NYHETER, 24 Apr 83)	87
Briefs North Korea To Pay Debt	91
TURKEY	
Social Democrat Ismail Cem Interviewed (Osman Ulagay; CUMHURIYET, 1 May 83)	92
Toker-Ilicak Assess Emerging Political Mosiac (Various sources, 1 May 83)	97
Toker Predicts Two Major Parties, by Metin Toker Ilicak Calls for Compromise, by Nazli Ilicak	
Survey of Political Views on Provincial Level (Celal Baslangic; CUMHURIYET, 1 May 83)	100
Mumcu, Ozyoruk Examine NSC Edict No 76 (Various sources, various dates)	102
Edict Seen as 'Extremely Beneficial', by Ugur Mumcu Cautions Transition Urged, by Mukbil Ozyoruk	
Mumcu Urges Political Break With Past (Ugur Mumcu; CUMHURIYET, 1 May 83)	105
Rightists Continue Unification, Leadership Efforts (CUMHURIYET, 28 Apr 83)	107
Social Democrats Continue Grass Roots Work (CUMHURIYET, 28 Apr 83)	109

MILITARY

GREECE

'Artemis' Antiaircraft System Tested (I KATHIMERINI, 19 May 83)	111
--	-----

GENERAL

NORWAY

Two-Way Radio Link With USSR Copters on Svalbard Starts (Erik Bjornskau; AFTENPOSTEN, 2 May 83)	112
--	-----

ND PROTESTS ABOLITION OF ANTITERRORIST LAW

Athens I KATHIMERINI in Greek 19 May 83 p 2

/Excerpts/ During yesterday's parliamentary discussion on the bill to modify provisions of the penal code, Mr Kon. Mitsotakis, ND parliamentary spokesman, stressed that ND was opposed to the abolition of the anti-terrorist law.

Mr Mitsotakis said the reasons for our refusal to go along with the abolition of the anti-terrorist law is that terrorist acts are being perpetrated in Greece and "it is not a serious bit of talk to go around saying that terrorism does not exist or at least that there has not been any increase in terrorism."

Recent events, such as those involving bombings and the assassination of Athanasiadis, he added, give the impression that Greece is becoming an open house for international terrorism. Mr Mitsotakis emphasized that Greece is the only country whose government has not dared use the terms "anarchists" or "terrorists."

The discussions went on until late at night.

The services of the Ministry of Public Order, making use of various "informative reports," are trying to mislead police authorities who are looking into political crimes. This charge was made through a question put by ND Deputy A. Balkos who submitted to parliament an "informative report" the text of which reads as follows:

"An individual who has remained anonymous has provided our services with the following information by telephone; Responsibility for the Didymoteikhon bombing lies with retired officers who belong to a royalist organization that is being financed by the CIA. This action was taken within the framework of an attempt to force Averof to proclaim that he would bring back the king. The above-mentioned individual stated that he is also a retired officer. According to this unknown person, it is presumed that the bombing was the act of some retired "Triandafyllou" who worked at "PYRKAL" /ammunition manufacturing company/ and who had been discharged a month ago. Triandafyllou had proposed to him (the unnamed person who gave us the information by phone) to work together but the latter refused. The unnamed person refused to have any personal contact with an official of our service to provide more data, maintaining that he was under surveillance and that he was afraid for his life and that of his family."

5671

CSO: 3521/321

EEC DOCUMENT ON EFFECTS OF OIL PRICE CUTS ON ENERGY

Rome RASSEGNA PETROLIFERA in Italian 18 Apr 83 pp 344-345

[Text] The cut in oil prices, resulting from the OPEC agreement of last 14 March, should absolutely not cause a slowing down of the Community's efforts in the energy-saving area on the one hand and that of other sources of energy as alternatives to petroleum, on the other. In fact, the Commission, in a working paper by its staff on the effects of the oil price cuts on the Community's energy strategy, believes that the best way for the EEC to react to the new situation that has resulted would certainly not be to give up on its long term efforts geared to reduce the Community's dependence on imported petroleum. Nothing that has happened in the past two years constitutes a valid argument against diversification of energy supply sources or against the restructuring of energy demands. On the contrary, recent developments have revealed once more the insecurity and instability that the Community introduces into its economy should it depend too much on imported petroleum. The reduction of this dependence is still of fundamental importance.

After having made an analysis of the details of the 14 March 1983 OPEC agreement and its immediate repercussions in the European Community, the Commission's paper (which was recently forwarded to the high officials group of the Ten who are responsible for energy matters) makes a distinction between the six categories of Community actions which are now required:

1. To be more vigilant through a more strict oversight of the energy market trends both in the Community and outside: the next examination of energy policy programs of the member States and the progress made towards the objectives of 1980 should provide the opportunity to analyze market trends in a more detailed way. In the meantime, the Commission and the member States should keep each other informed on their analyses of the developing situation (particularly at the meeting of the Energy Council scheduled for 21 April in Luxembourg);
2. To renew the political commitment of the Community to make progress in the diversification of its energy procurement and in the restructuring of energy demands, despite the short-term fluctuations in the petroleum market. Twice renewed in 1982, this commitment should be reiterated and would thus contribute to dispelling any remaining doubts on the Community's position;

3. The member States should abstain from taking any action likely to create upheaval in the oil and energy market: the Commission has already asked the Ten to refrain from taking unilateral actions, especially of a fiscal nature, without preliminary consultations within the proper Community framework. In fact, many member States have announced an increase in fuel consumer taxes, measures which are probably based as much on budgetary reasons as on energy policy considerations. It is necessary, however, to avoid the upheaval in the market which could result from such actions;

4. To strengthen international cooperation in the energy sector, especially between the Community and the other main consumer countries whose actions will have a critical impact on the development of the oil market. More specifically, the long-term damages resulting from an oil price crash, if this were to happen, should be avoided. Cooperation should be sought with oil-producing countries with a view to better forecasting the developmental tendencies of energy supply and demand;

5. A decisive continuation of research, development and demonstration in the energy-saving sector; of alternative energy sources and more efficient energy use, both for the purpose of holding onto the Community's flexibility for maneuvering with regard to the variations in supply and demand as well as serving as an indicator of the awareness of the dangers inherent in certain aspects of energy dependence;

6. A careful examination of the advisability of adopting new ways of Community action for the purpose of preventing the market from receiving the wrong signals on the long-range trends and to reinforce the collective security in an uncertain situation.

Actually, it is now a matter of examining which of the areas has the most urgent need of such efforts and to see how the necessary action can be taken, in the most economic and efficient way, at the Community or national level. According to the experts of the Commission, this inquiry should be centered mostly on the following points:

a. the appropriate efforts to encourage the use of coal and other solid fuels, as coal substitutes: an inquiry into the advisability of supporting new investments for the use of coal, in industry for example;

b. New steps for the purpose of promoting energy-savings: the staff of the Commission is investigating the advisability of a greater financial effort to compensate for the slowing down of these investments as a result of the oil price-cuts. In addition, other new non-financial actions are being studied (encouraging the energy-producing industries themselves to induce their customers to save more energy). Independently from the new measures the Community will adopt, it is, after all, essential that the member States invest more resources--financial and otherwise--to energy-savings;

c. The effects of crude oil price cuts on the research and development of hydrocarbons in the Community and outside of it: the uncertainty related to the development of the price of crude has already had as a consequence a certain drop in these Research and Development activities regarding the hydrocarbon

deposits in the North Sea. Therefore, there is the problem of an investigation into the outlook for the development of these activities and their stimulus. The government of the United Kingdom has announced some adjustments in its fiscal policy in this direction. There would be, moreover, the need to study how the EEC could encourage the development of hydrocarbons exploration in the non-OPEC developing countries;

d. An eventual increase of the Community's role in the security of the supply of natural gas: the weakness in the demand for natural gas and the risk of an excess of supply could, in fact, lead to a certain nonchalance with regard to the measures necessary for reinforcing the security of supply.

The actions could involve storage installations and the strengthening of interconnections between the networks of the member States, including a future connection between the United Kingdom and the continent. In addition, the financing of a collection system for the North Sea gas could be considered which would contribute to the diversification of long-term supply sources;

e. The prospects in the electrical sector: an oil price-cut could improve the financial situation of some electric energy producers who have significant plant capacities using oil and would facilitate the financing of investments in power plants which would use other fuels.

This situation, however, could make more attractive the construction of new power plants utilizing fuel oil even though the long-term advantage of other solutions, especially nuclear, is still evident. The Community already contributes, on a large scale, to the financing of power plants and should continue doing so. The thinking should now be directed towards additional steps which would encourage the utilization of electrical power wherever its use presents an economic and efficiency advantage and takes the place of oil.

Evidently, the broadening of Community action in some sectors mentioned above would require the allotment of larger funds, coming from the general budget of the Community, which would go to increase those already offered by the credit agencies of the Community. The Commission experts emphasize that an increase in the modest level of financing devoted to the energy programs of the EEC in the past few years is far more justified today and in the present situation.

This should be taken into consideration at the time of the preparation of the 1984 preliminary budget.

9731

CSO: 3528/135

NEGOTIATIONS FOR ESSO PURCHASE CONTINUING

Athens I KATHIMERINI in Greek 17 May 83 p 11

[Text] Minister of Energy and Natural Resources E. Kouloumbis announced yesterday, 16 May, that negotiations for purchase of the complex are continuing. At the same time, he expressed his surprise at the company's position regarding the government's indifference about pushing the negotiations forward.

The minister of energy and natural resources stresses in his announcement that the government is examining the whole issue of the purchase under the present circumstances, and developments in the market, with economic and social criteria; he adds that the company must understand that the negotiations cannot advance under pressures. Relative to this, it is maintained that the company has known since 1980 what it will refine in 1983 and would have to have covered the problem of normal operation both of the refinery and the complex's other units up until the end of its commitment. Consequently, the minister's announcement adds, creation of a technical crisis--meaning the notice that the installations' operation will be cut off for 20 days--hinders the issue of the purchase being settled.

As concerns the position of the workers at the complex, Mr. Kouloumbis reports that "they may be sure that the government is promoting negotiations with the principal criterion being securing their interests."

9247

CSO: 3521/314

IOANNINA OIL FIND DEEMED UNECONOMICAL

Athens TA NEA in Greek 19 May 83 p 14

[Text] An extensive heavy oil find has been located in the course of land drilling which is taking place in Ioannina.

According to exclusive TA NEA information the find is uneconomical for the time being, as its exploitation would require tremendous expenses since drilling to depths of more than 5,000 to 6,000 meters would be necessary at a cost of millions of dollars.

The DEP [State Petroleum Company] does not exclude the possibility of exploiting the find in the future if indispensable useful data emerge from similar drilling by the Italian State Petroleum Company AGIP in Paxos where heavy oil has been located also. The Italians will carry out drilling research to a depth of 6,000 meters.

The technology used there might be applied to the Ioannina finds also.

For three months continuous negotiations between the Greek State and the Northern Aegean Petroleum Company have been going on about the revision of the current contract for prospecting in the Gulf of Kavala.

The negotiations are described as tough and painful because the Greek State is faced with a difficult situation, perpetuated by previous governments and the Junta. According to available information, the State will not grant any further rights beyond those of the "Prinos."

Meanwhile, in the course of the DEP-NAPC [Northern Aegean Petroleum Company] discussions, the latter presented over inflated expenses for the "Prinos", specifically \$600,000,000, an extravagant sum which is 50 percent higher than the amount agreed upon.

Norwegian experts invited by the DEP reached the conclusion that all "Prinos" expenses and installations should not exceed \$400,000,000 and that the remaining \$200,000,000 constitute an excess for which the Greek State is made largely liable.

12278

CSO: 3521/329

BRIEFS

ROMANIAN DRILL PURCHASE-- Our country will buy from Romania a drill for oil prospecting on land. The negotiations have already been concluded and the drill will be delivered to the DEP (State Petroleum Company) next year. Its estimated value is \$200,000,000 and it will be paid for with Greek agricultural products. (Text) (Athens TA NEA in Greek 19 May 83 p 14) 12,278

CSO: 3521/329

LABOR PARTY NEWSPAPER CITES CONSENSUS IN OIL POLICY

Oslo ARBEIDERBLADET in Norwegian 29 Apr 83 p 4

[Editorial]

[Text] When the Storting agreed yesterday on the principles on how the Troll field is to be developed and who will do the job, the legislators made one of the most important decisions in our short oil history. The Troll development represents greater challenges than anything else we have attempted on the Norwegian continental shelf from an economic, technological, and strategic point of view. Yesterday's decision will have significance long into the next century.

In this large perspective, it was important for the Storting, across party-political lines, to agree upon broad national solutions. It would have done much harm if any party or party grouping had gone against the main solution. The Vice Chairman of the Industry Committee and the spokesman for the matter, Finn Kristensen (Labor), must be praised for the enormous work he has done to prevent a split in the Storting. He also received praise from many political opponents in yesterday's debate.

Guttorm Hansen pointed during the debate to a very essential situation, namely that the Storting in the handling of the Troll matter has demonstrated that the legislators have not been shoved out of the picture in oil policy. It is not the experts and the technocrats who have taken over the leadership. The guidelines by which our oil policy will be directed are still established by the national assembly. It is important to note this when more and more people try to spread the idea that the representatives have excluded themselves from the leadership because they lack both knowledge and the means to assess the suggestions of the bureaucracy.

It is first and foremost Statoil and Norsk Hydro that will be the future developers of the Troll field. These companies will have the primary responsibility. The model the Storting has now drawn up, which gives the two firms divided responsibility for operational tasks, is new in Norwegian oil policy. It forces two companies, which up to now have been caught up in hard competition, to cooperate. And it gives the same companies greater authority than usual to lead the development. The Storting has done this confident that the two firms

are well aware of their responsibility. We are in no way afraid that Statoil will not show itself worthy of the trust. We also think that Norsk Hydro will find its place in the cooperative model and function according to the conditions. We do not think that the half-nationalized Hydro has played its cards in the smartest way in the Troll competition that preceeded yesterday's decision, but this is now history. Now the two firms must cooperate to fulfill the Storting's intentions.

It has been said that the consensus the Storting reached yesterday may be the first signal that we are moving into smoother waters as far as competition on the Norwegian continental shelf is concerned. It is possible that this will be the case.

Consensus is important in matters of great national importance. But not at any price. The Willoch government has shown many signs that it wants to reduce Statoil's influence in oil policy. We cannot accept such a line. If the government, for example, should support the main principles drawn up by the so-called Mellbye committee, and which in reality represents a significant part of Statoil, there will be no more consensus at the next crossroads.

The nonsocialist parties will say that consensus also requires the Labor Party to ease up on some of its main points of view. This is of course clear, but from the beginning it has also been clear that the opposition never can agree to a policy that transfers large values away from the nationalized oil company over to private hands.

9124
CSO: 3639/111

POSSIBLE PAYMENTS IN KIND TO USSR

Nicosia KHARAVGI in Greek 29 Apr 83 p 1

[Excerpt] An agreement for economic and industrial cooperation between Cyprus and the Soviet Union was initialed yesterday, 28 April, at the Ministry of Commerce and Industry. The agreement, which is for ten-years duration, was signed by the director general of the Ministry of Commerce and Industry, M. Erotokritos, and the director of the USSR Ministry of Foreign Trade's department of commerce with western countries, V. Simakov.

An important provision of the new agreement, reports an official communique, is that, should the Soviet Union undertake the execution of works in Cyprus following mutual agreement, the greater part of the cost of such work will be paid off through purchase of Cypriot products, particularly vine products.

Speaking during the ceremony, Mr. Erotokritos expressed his delight over the agreement being signed with the Soviet Union, a country with which, he said, Cyprus maintains outstanding relations. This new agreement, he stressed, opens the road for further expanding the commercial and industrial relations between our countries.

9247

CSO: 3521/313

KUWAIT GRANTS DEVELOPMENT LOAN ON EASY TERMS

Nicosia 0 AGON in Greek 7 May 83 p 12

/Text/ Minister of Finance Simos Vasileiou returned from Kuwait yesterday where he had gone for the signing of a loan agreement amounting to 2.4 million Kuwaiti dinars (approximately 4,224,000 pounds) between the Cypriot Republic and the Kuwaiti Fund for Arab Economic Development.

Purpose of the loan is the partial financing of the third plan for highway development. Specifically, the loan will be used for the covering --in foreign currency-- of expenditures related to the following aspects of the highway development plan:

- a) Construction of a Limassol-Ypsona-Erimis by-pass thoroughfare.
- b) Purchase of equipment to be used for the road maintenance program.
- c) Improvement of farm roads that are included in the plan.

As is known, another loan for the same purpose has been acquired from the World Bank.

The terms of the new loan are very favorable. Interest amounts to 4.5 percent, while the annual expense for administrative expenses amounts to 0.50 percent. Payment will be over a period of 15 years including a 3-year grace period.

Signing for the Kuwaiti fund was Kuwaiti Minister of Finance Abdul Latif al-Hamad in his capacity as chairman of the fund's administrative board.

During his stay in Kuwait, Mr Vasileiou had talks with officials of the fund as well as with other officials of similar organizations in connection with the possibility of getting financing for other development projects in Cyprus. He stressed the importance that the Cypriot Government is giving to the achievement of work in the south.

5671

CSO: 3521/320

GOVERNMENT WEIGHING SUBSIDY FOR PLANT MAKING USSR RAILCARS

Helsinki HELSINGIN SANOMAT in Finnish 30 Apr 83 p 29

[Text] The government has proposed a 60-percent subsidy to cover interest costs on investments in the Rautaruukki special railcar plant. Altogether, the subsidy would come to about 80 million markkas and the loan would be paid off at an interest rate of no more than 10 percent. The billion to subsidize interest payments will be submitted to Parliament next week.

After that Rautaruukki's advisory board will probably reach its final decision on the construction of a railcar plant as early as this spring. "Construction would begin this summer and the plant would be completed at Vuolijoki in 1985. According to plan, we will go into production by 1986," they say at Rautaruukki.

The object is to compensate for jobs lost in connection with the closing down of the Otanmaki and Mustavaara mines. About 650 permanent jobs will be created at Vuolijoki and the machine shop project will produce about 200 jobs.

Fixed asset investments for the project will come to a total of about 460 million markkas. What is involved is a joint project between Rautaruukki and the Soviet Energomashexport, the production from which will go entirely into exports to the Soviet Union.

Earlier, the question had been considered in government circles as to whether there was in principle any reason to subsidize the project, since an export surplus otherwise prevails in Finnish-Soviet trade. Rautaruukki was, however, reminded on Friday that special railcar products will not be exported until the second half of this decade and that the project will not have any effect on the current trade imbalance.

The members of the government's ministerial economic policy committee were unanimous on granting Rautaruukki a subsidy to cover interest costs on Friday.

The annual production of the Rautaruukki railcar plant will come to from 3,000 to 4,000 cars. The cars are intended to be used for transporting lumber, mineral fertilizer and wine and flour, among other items.

11,466
CSO: 3617/116

STATE DEBT INCREASED OVER EIGHT BILLION DOLLARS IN 1982

Helsinki HELSINGIN SANOMAT in Finnish 30 Apr 83 p 29

[Text] From the government's balance sheet and National Treasury calculations published on Thursday, it is apparent that last year the national debt grew by 8.1 billion markkas and at the end of the year amounted to a total of 30.2 billion markkas. The nation's foreign debt came to 18.8 billion markkas.

The government borrowed 8.2 billion markkas in long-term loans last year. Changes in currency exchange rates and last fall's devaluations increased the foreign debt by 2.4 billion markkas.

The National Economy Department of the Finance Ministry asserts that the entire debt accounted for 12.9 percent of the GNP, or 2.5 percent more than a year before. The corresponding figure was 3 percent in 1974 and 14.4 percent in 1967.

The national economy shows a Treasury surplus of 300 million markkas from last year since 8.2 billion markkas in new loans were contracted and gross funding needs for the same period amounted to 7.9 billion markkas. The year before gross funding needs came to 4.3 billion markkas, borrowing to 5.2 billion markkas and the Treasury surplus to 1 billion markkas.

Over 60 Billion in Treasury Receipts

Not counting loans, National Treasury receipts last year came to a total of 60.3 billion markkas, or 12 percent more than in 1981. As for National Treasury expenditures, they came to a total of 68.3 billion markkas, or 18 percent more than the preceding year.

Last year tax revenue derived from goods and services increased nearly twice as fast as tax revenue obtained on the basis of income. A year before that the situation was just the opposite.

Revenue from income and financial assets dropped to 32 percent of national tax revenue, that is, by 1 percentage point. At its highpoint in 1976, taxes on income and assets accounted for 41 percent of tax revenue.

"Since the adjustment for a 12-percent inflation rate was greater than the rise in average earnings, income tax was relieved. A temporary 1-penni reduction in withholding tax also had the effect of decreasing the amount of taxes collected. Tax revenue from income and assets increased by 7 percent," they state in the balance sheet.

Ten percent more turnover tax was collected than during the preceding year. Despite a slight rise in the value of imports, the total amount from customs and import duties and the equalization tax increased by 15 percent.

Rises in the prices of tobacco and alcoholic beverages, among other items, increased excise tax revenue. The excise tax on food products accounted for over a fourth of the 17-percent overall increase in excise taxes. Revenue from taxes on automobiles and motorcycles increased by 21 percent.

Employer child subsidy contributions were not collected in 1982, but there was still a slight accumulation of revenue from them from the year before. A total of 52.2 billion markkas, or over 17 percent more than the year before, in revenue from taxes and of a tax-like nature was collected.

The nominal growth of National Treasury expenditures amounted to nearly 18 percent and their real growth to 7.5 percent. A year earlier the real growth of expenditures was only a bit more than 1 percent.

Government carry-over expenditures, which now account for over half of all government expenditures, rose 6 percent due to fixed prices. Government subsidies to communes also rose by a real rate of 6 percent and government subsidies to industries and households by 5 percent.

The real growth in consumer expenditures came to 6 percent. A 25-percent rise in armed forces equipment procurement expenditures somewhat added to this increase.

Due to fixed prices, the government's real investments remained nearly the same as they were before. Financial investments, however, increased following a reduction that had lasted for several years in succession.

National debt servicing expenditures increased by nearly a half. Their growth corresponded to over 2 percent of the real increase in overall expenditures. Last year 2.751 billion markkas, or a billion more than in 1981, were disbursed for national debt amortization payments.

Examined by category, after debt servicing expenditures, expenditures for social security, farming and the forest economy, national defense and health care rose at the fastest rates.

11,466
CSO: 3617/116

SULO PENTTILA, HEAD OF METAL WORKERS UNION, PROFILED

Helsinki HELSINGIN SANOMAT in Finnish 10 Apr 83 p 29

[Article by Juhani Aromaki: "Sulo Penttila's Last Battle"]

[Text] Sulo Penttila, 59, Chairman of the Metal Workers Union, heard Wednesday evening, April 6, that the members had reluctantly approved his labor contract. The information was important to Penttila, because the contract proposal had been the last battle in his long term as chairman.

This Social Democrat, who will turn 60 just before midsummer, and who has been called the chief ideologist of the trade union movement, even the "Suslov" of the SAK [Central Organization of Finnish Trade Unions], will leave his position to a successor to be chosen in the fall. The departing chairman does not wish to reveal the name of the one he prefers, because the rough rank-and-file would [then] have time to shoot him to pieces by fall.

Sulo Penttila's career began as a roller man in a paper factory in Mantta and as chairman of a local. He went through the first year-long course at the trade union institute in Kiljava, became an agent and secretary of the Paper Union, and then in 1966 first secretary of the SAK. He became chairman of the Metal Union in 1967 and a member of the executive committee of the SDP [Social Democratic Party] in 1972.

The split in the Communist Party is dividing the trade-union field as well these days, but Sulo Penttila says he has seen many much more difficult times. The whole first part of the 1950's was tough, and the events after the general strike are still to be seen in the chairman's thoughts today:

"One of the gloomiest times was 1956-1958, when after the (1956) general strike there was a general wage increase of 12 markkas and 8 markkas for the youth. That led quickly to a high rate of inflation, and the increases were lost within a couple of months."

The year 1958 was also gloomy for the workers. Real wages decreased by as much as 8 percent. Then the principle of indexing was given up and devaluation came on top of all that," Sulo Penttila remembers.

After these setbacks, trade-union man Sulo Penttila has not spoken out for large increases that would appear only on paper. He has often put through with little fanfare "achievements that would be protected from inflation."

During Sulo Penttila's long trade-union career, the goals have changed from guaranteeing a basic income to benefits that affect the quality of life. Money has been exchanged for shorter working hours, better vacations, or job security.

Now the chairman's staff is putting on the table more and more new and complicated questions: improvement of the wage systems, earlier retirements, targets for shortening working hours....

Because Sulo Penttila is interested to the point of exasperation in many areas of society, comments may touch on any subject whatever: perhaps the impact on the environment of leased equipment appearing in enterprises, while the owner of the machine is sitting in the bank and no longer in the manager's office. Nor have the wage-earners' funds been forgotten.

"Finland's wage-earner funds will obviously be more tied to individual enterprises than in Sweden, for example."

Today the chairman is also interested in how the wage systems can be simplified, how young people can be employed through familiarization programs, or why Finnish produce cost the most in Western Europe.

"We have been quite polite in this matter, and few consumers know that margarine is already a more domestic product than butter."

The length of the trade-union leader's "feelers" is illustrated also by the fact that Sulo Penttila and his staff moved strongly into action when there was a risk that the Silja [company's] order for two ferry boats would be given to Japan.

"We have fought hard for Finnish interests in these boats, and now the principle has been approved that the domestic percentage of these boats will be raised to 90 percent."

Who pays for the losses?

"The loss will be divided among three parties: the state, Wartsila [company], and naturally the shipping company that ordered the boats assumes the risk."

Will Wartsila do that?

"They surely claimed to have built the boats. Perhaps the decision was influenced by the fact that these two boats fit in very well for construction during slack periods," says the chairman.

During the period of Sulo Penttila's career, the employer has also changed his viewpoint. The old patrolman has fallen, and in his place there are labor-market technocrats with pocket calculators within reach.

"A Finnish capitalist is by American standards a Socialist. He is open-minded in his social views, and there is much more socialism and deeply penetrating fairness in the average Finnish enterprise than with employers in many other countries," says the chairman.

Through the years the Finnish capitalist has come to know Sulo Penttila as a man who also "senses what can be obtained." Membership in the SDP executive committee and almost 30 years' experience in trade unions have given him a broader view than usual.

"He is the brains and string-puller of the Social Democratic wing of the SAK. When something has been agreed with him, you can trust his word," observes one employer.

Sulo Penttila's position can be described in many ways--for example by the fact that it was Sulo Penttila who nominated Pertti Viinanen as the new SAK chairman.

The conflicts between the two working-class parties have been most aggravated within the Metal Workers Union because many of the basic pillars of the trade-union movement have been "made of metal." Sulo Penttila says:

"There is a political line in the trade-union movement--in one direction or another--that has been established here in the Metal circles."

In Metal, both Social Democrats and Communists have usually staked out the boundary between hopes and possibilities. According to Sulo Penttila, serious attempts have been made from time to time toward common goals with the Communists, but without success.

"The Communists think that making social compromises and adopting a low profile in times of recession are weaknesses of a capitalist society, and for this reason even today they are hurling accusations of class betrayal," says the chairman.

In Sulo Penttila's opinion, the results of negotiations are belittled. Even though the results have not always come about after a big noise, they can be listed today for his enjoyment:

"A whole series of quite significant changes in working hours over the past 23 years, which is sometimes forgotten. First of all, we have moved from the 48-hour week of uninterrupted three-shift work to a 36-hour week."

At the same time, in interruptible three-shift work we have moved from a 47-hour week to a 38-hour week. The workweek in day-work has shortened from 47 hours to 40 hours. The hours of shift work have changed since 1960 so that the wages for 8 days off are paid as so-called "holiday and weekday compensation."

There is even a little bit of pride in Sulo Penttila's voice when he adds: "A couple of decades ago a worker received two weeks vacation after a year of employment, whereas now after the winter-vacation change he gets 5 weeks. And he gets a payment of 50 percent on returning from vacation."

"The Metal Union has been a forerunner in these matters, so there have been good and bad sides to this trail-blazing position," the chairman smiles.

Even now the SAK program contains a goal, according to which working hours should be shortened gradually over 5 years by 10 percent. The chairman wants this goal to be remembered in government negotiations as well.

"There cannot be a suitable model for every area in shortening working hours. But there can be many kinds of options: for example there could be a nine-hour work day in winter and a seven-hour day in summer.

"There might be a four-day workweek in two-shift work, where the days off would be given after a longer period of time. Thus the factory's [average] operating time could remain at five days a week," the chairman thinks.

Sulo Penttila does not believe that shifting from an eight-hour day to a seven-hour day will generate new jobs, rather the employers' shift to automation will replace the hours lost.

"Shortening average working hours will guarantee jobs in the long range," the chairman believes.

The important position of the Metal Workers Union, symbolizing the prow of the trade-union movement, and Sulo Penttila's more than fifteen years of leadership, surrounded by faithful followers, have generated a desire for opposition both internally and externally. The chairman has not tolerated criticism in recent years.

One "speaker of truth" on the inside had to experience this bitterly. He was brave enough to bring skeletons out of the closet by charging, among other things, that the union's princely monies were being used to centralize power to the leading gang. In this way they would become more and more distant from the rank-and-file. This speaker of truth received a "serious warning" and a letter whose contents had been taken from the paragraphs in the labor contract relating to termination of employment.

Even though Sulo Penttila himself tried a couple of years ago to discipline his own people by warning against the centralization of all activity into the hands of the activists in the organization, this has happened. The group of activists and agents has become a self-perpetuating clique, governing the internal affairs of the trade-union movement.

Whereas at the beginning of 1975 there were some 50 agents and the same amount of staff in the Metal Workers Union, there are now more than twice as many.

There are about a hundred agents, and there are also the personnel of the Murikka institute on the payroll: altogether about 240 people.

The union's income from member dues is also increasing from year to year: last year's gross total amounted to 97 million markkas. Economists hide to some extent in the cloak of business secrecy, but the union had left 50 million markkas to finance activities, of which expenses for personnel, including wages and travel, exceeded 21.5 million, the publication AHJO and publicity 7.4 million, and operation of Murikka and other institutions 7.5 million markkas. The union's bookkeepers observe, however, that everything is relative, and calculate that the union's balance is less than three percent of the final total of Wartsila, for example.

Chairman Sulo Penttila has also been criticized from another direction. Kauko Parkkinen, who has been in the pay of the employers, took aim with full force in his pamphlet "The Politics of Destruction is Made This Way":

"Generally it is very dangerous from the point of view of society if leading groups arise and grow claiming to represent the so-called nation or part of it, viewing the world from ivory towers that are rotating according to their own world values. In addition to organizations in the labor market, this has happened in the political parties, at least. And they both have their feelers extending their reach into every corner."

In Parkkinen's opinion, the trade-union movement has its trade section and its agents, who often are much less scrupulous than the Helsinki headquarters. The parties again have their own officers appointed on a political basis.

"When party politics and trade-union politics are intertwined, you get a rope that can be grasped firmly. The activities of the staffs of the parties and the labor-market organizations take place without any really influential control, because everything is based only on a responsibility for explanation," say critics.

In Sulo Penttila's opinion the criticisms are just a collection of letters-to-the-editor bound together. The chairman thinks it is exaggerated to call present labor-market politics the politics of destruction.

"This criticism is based on the fact that in recent years we have emphasized benefits that are protected from inflation causing the employers increasing social expenses. It is generally thought by employers and entrepreneurs that when money is used as the means of payment it has to be spent because of inflation. The employers think it is easier to deal with these matters in that way," Sulo Penttila observes.

When people speak about the power of the trade-union movement in Finland, Sulo Penttila wants to remind us of the firings, evictions, and other forms of oppression that simple membership in Metal have aroused ever since the days of the War of Independence.

"The trade-union movement has taken its power seriously, and it doesn't come from me; you can't accuse it of recklessness in its struggles for power. It has always been careful not to use this power against society.

"Even in my first speech as chairman I started from the fact that this organization will always act on behalf of the Finnish nation and never against it."

When Sulo Penttila retires, one of the last of a long line of veterans will have left the stage. In the change of generations, the younger people even now are entertaining hopes for new values and attitudes, for a new and open appraisal of the role of the trade-union movement and for changes in procedures:

"Perhaps it will no longer be necessary to conduct secret negotiations at the Katajanokka Casino or the Finnish Club, as was done in the 1950's, in order to agree about things in a small group and to push decisions through one's own group," dreams one union member.

9611

CSO: 3617/107

PURCHASE OF U.S.-MADE FIREFIGHTING SYSTEM SEEN ADVANTAGEOUS

Athens ELEVTHEROTYPIA in Greek 16 May 83 p 16

[Article by Spyros Karatzaferis "We Are Discussing with U.S.A. Purchase of Revolutionary C-130 Firefighting Airplane"]

[Text] Since last February the government has been studying a new system of firefighting airplanes and talks began today at the Greek Aviation Industry, in Tanagra, between a representative of the American manufacturing company and representatives of the Ministries of National Economy and Agriculture and the EAB [Greek Aviation Industry] to examine not only supply prospects but also the possibility of manufacturing the entire system in our country.

Essentially, the new system which is considered at this point as the best in the world, no longer uses firefighting airplanes because it is adapted to the C-130 carrier airplanes of our Air Force. Furthermore it is very economical, its cost being no higher than one fifth of the price of a firefighting airplane. The system is called "MAAFS", it is manufactured in the U.S.A. and it is used there by the Air Force. Great Britain, France, Germany, Brazil and many other countries acquired this same system.

The "MAAFS" is in fact a system of tanks which can be adapted to C-130's in 45 minutes and it has a carrying capacity of 10 tons of a special liquid used to put out fires. The approximate value of one such system is \$1 million whereas the value of a CL-215 firefighting airplane (like those we use at present) is \$5 million.

We are Given the 'Know-How'

In the course of the talks which begin today the possibility of the EAB entirely manufacturing the system will be examined, with the company giving us the "know-how". Prospects of selling the system to other countries are being considered also. Should an agreement be reached, the American company will lend us immediately one such system as normal delivery takes 3 to 4 months and by then the summer will be over. If an agreement is reached it appears as likely that by the summer of next year the EAB will have manufactured such systems.

12278

CSO: 3521/329

COOPERATION WITH SWEDEN INTENSIFIED

Athens I KATHIMERINI in Greek 21 May 83 p 13

/Excerpts/ Sweden has submitted a proposal to purchase 150,000 tons of alumina a year from Greece over a long-term basis and also to participate in the construction of major construction projects the value of which will be covered 100 percent by the import of Greek products.

The proposal was made during the session of the Joint Greek-Swedish Bi-Ministerial Committee held yesterday at the Ministry of National Economy.

Also discussed at the session were pending Swedish proposals for the construction of a hospital in Ioannina and telecommunications equipment plants in cooperation with the Greek ELVIL /Greek Fertilizer Industry/.

An announcement of the Ministry of National Economy also mentions that:

- Also discussed was the creation of joint enterprises in Greece for high technology transfer, as well as joint enterprises for the protection of the environment (small plants for processing waste products and their conversion into heat energy), the establishment of a factory to manufacture bicycles, a factory for processing agricultural products for export to Scandinavian countries, as well as joint enterprises for the development of Greek mining resources.

- It was determined that Greek exports rose 35 percent. Negotiations have begun on the establishment of a center for the distribution of fresh Greek fruits and vegetable products and the setting up of refrigeration units in two Swedish cities for the purpose of promoting Greek products in Scandinavian markets.

5671

CSO: 3521/322

DETAILS ON NEW 500-MILLION DOLLAR LOAN

Athens I KATHIMERINI in Greek 12 May 83 p 1

[Text] The agreement for the granting of a loan to Greece in the amount of 500 million dollars was signed yesterday in London. The agreement was signed by the deputy director of the Bank of Greece, Mr. Evang. Kourakos, and representatives of a group of large international banks.

As was made known yesterday, the term of the loan is 7 years with a 4-year grace period. The interest rate is that of the prime interest rate in London for 3- or 6-month deposits of Eurodollars, increased by five-eighths annually. The time limit for the assumption of the loan is 1 year. The terms for contracting the loan are considered satisfactory and show--as reported yesterday in a government release--the high credit potential of the country.

The loan will be assigned to the administration to cover its financing needs as well as for the payment of the amortization of public fund debts.

The international group of lenders includes the following banks:

The Bank of Nova Scotia; the Bank of Tokyo, Ltd.; Bankers Trust International, Ltd.; Citicorp International Bank, Ltd.; the Dai-Ichi Kangyo Bank, Ltd; Gulf International Bank, B.S.C.; Kuwait Foreign Trading, Contracting and Investment Co. (S.A.K.); Lloyds Bank; International Bank, Ltd.; the Sumitomo Bank, Ltd.

It must be noted that there are no French or American banks in the group of banks which will grant the 500 million dollar loan. The banks of the group are British, Japanese and Arab.

9731

CSO: 3521/311

BRIEFS

APRIL UNEMPLOYMENT UP--The OAED [Labor Force Employment Organization] announced yesterday that the number of unemployed registered with OAED last April amounted to 64,823 compared with 51,512 in April 1982 --a 25.8 percent increase. Moreover, according to OAED data, the average number of unemployed --of a total work force of 1,523,900-- during the January-April 1983 period was 79,018 compared with 64,050 during the corresponding period in 1982 --a 23.4 percent increase. The OAED also announced that the overall number of aliens working in Greece as of 31 December 1982 was 29,766 --21,755 men and 8,011 women-- compared with 30,016 in 1981 and 28,628 in 1980. [Text] [Athens I KATHIMERINI] in Greek 19 May 83 p 11/ 5671.

CSO; 3521/322

'CENSIS' REPORT ON PRESENCE OF GUEST WORKERS

Rome L'ESPRESSO in Italian 27 Feb 83 pp 170-178

[Article by Mario Scialoja: "The Africans in Italy"]

[Text] There are about 800,000 of them, mostly illegal and underpaid. Some claim they take jobs from our workers, and others say they do work that Italians won't. In any case, they have become a national problem.

Rome. They are an army: more than 800,000 of them. An army of mercenaries, largely clandestine, a ghostly army. The official figures supplied by the Interior ministry are still firm at 380,000 foreign immigrants in Italy looking for work. But this figure is being deliberately kept at somewhat less than the real number. In the past 15 years, Italy has undergone a profound transformation almost unnoticed; from a country of emigrants it has changed into a country of immigration.

The ministry is not the only one to grope when it comes to figures. Nobody is in a position to say exactly how many people comprise the human river of "clandestines" that have crossed our borders. The unions don't know the exact number, nor do the welfare officials, nor do the consulates of the countries from which they come. We can only go by the most recent estimates of some research institutes. And one of the estimates that appears most plausible is that of 800,000 people. It comes from Giuseppe De Rita, general secretary of CENSIS (Social Investment Study Center), in his report to the convention held in Venice last January on the subject of "Foreign Workers in Italy." A few examples will clearly show that the official figures do not give a full account of the phenomenon. The ministry of Labor counts 548 Tunisians and 198 Moroccans in Italy, while in Mazzaro del Vallo, Sicily, there is talk of 5,000 Tunisians working on fishing boats in that place alone, and the unions estimate that 30,000 Moroccans are illegally employed in this country. Official figures put foreign "household workers" at 11,000 in all, while the estimates of CENSIS and the various regions cite more than 100,000 family domestics alone employed by well-to-do families.

The largest battalion of the immigrant army is made up mostly of young colored women. They come from far away, mainly from the "islands in the sun," Cape Verde, Mauritius, the Seychelles, Sri Lanka, the Philippines, Somalia, Eritrea, India, and the countries of Latin America. Aided little or not at all by their consulates, they are "sold" by specialized agencies that seek to place them in the most appropriate jobs. Appropriate to the employer, of course (low wages, no deductions for social security, etc.), contrary to all the rules of employment provided by Italian law.

Nelly comes from the Philippines. She worked until recently as a maid in Rome and now lives in a small, run-down apartment with five compatriot wage earners. "We are brought here," she says, "by mysterious private agencies that come to our country and offer us miracles. We have to pay out about 2.5 million, and often when we come to Italy we find that the agency has disappeared or that the people offering the job have had second thoughts. Then we have to go into debt to an agent who finds us another job, which is always clandestine. When we go to our embassy in Rome, they treat us as a nuisance. None of us has been helped by consular or diplomatic officers."

Isabel B. testified at the recent convention in Venice. She is a household worker from Cape Verde. "I seem to be on a one-way street. I work 12 hours a day. I earn 280,000 lire a month. I have to sleep in the kitchen, and on Sundays in Turin I really don't know where to go. If I make the slightest mistake, the boss lady threatens to call the police and have me sent home." Elvira Bueno, a brown South American, added, "If you're not legal or don't have a residence permit, you have two choices: leave or put up with all kinds of guff, from half wages to obscene proposals."

De Rita says, "This is something we just can't close our eyes to. It began taking shape in the last 10 years and appears to be rapidly expanding, despite the economic recession. Before we take appropriate steps to regulate this phenomenon, we have to know what it is." The few studies on the matter show that foreign workers in this country have the humblest and most exhausting jobs. These jobs have been abandoned by Italian labor, and they include domestic work, heavy work in the hotel and restaurant sector (chambermaids, porters, and dishwashers), fishing, construction, seasonal work in agriculture, and work as stevedores and pushcart peddlers.

But how is it possible that in the present economic recession, with 2 million Italians looking for work, there are jobs not "desired" by our fellow citizens? "It's hard to explain, but that's the way it is," said Nino Sergi, of the CISL [Italian Confederation of Labor Unions] Foreign Office, speaking to the Venice convention. "And some people are taking advantage of the situation to create opportunities for exploitation; it is only fair that foreign workers in Italy receive the same treatment that we have sought to get for Italians abroad."

The rising tide of immigration that is sweeping over Italy has complex causes that were recently analyzed in a report from the CGIL [Italian General Confederation of Labor] in Milan. We can outline some of these causes. There is a set of external causes including heavy demographic pressure, excessive urbanization (which creates new and large pockets of poverty) and tragic living conditions in many countries of the Third World. There are two internal causes: the socio-economic-cultural attitude of some strata of Italian workers who tend to abandon jobs considered too demanding or demeaning; and there is the possibility for employers to use workers who are kept clandestine, "silent" and therefore underpaid, manipulable and docile..

To get a more accurate picture of the flow of immigration and the problems it poses, let us examine the situation in the regions where it seems to be most prevalent. Where do the "black people" in our home come from, and what do they do? First, a general fact. According to CENSIS estimates, "there has been an increase in immigration in recent years, mainly from African and Asian countries." While the ministry of Foreign Affairs does not agree with the CENSIS estimate of the total number, it does admit that there has been a large increase in workers from the Third World and offers this evaluation: for every 100 workers coming to Italy from industrialized countries in 1969, there were 100 workers from the Third World; in 1981, there were 140 of the former and 285 of the latter.

Piedmont. In the Piedmont and especially Turin, a wave of migration is coming in from the Third World. It is a recent development, linked partly to the slackening of immigration from the South of Italy; it is a new factor that Fiat will have to start coming to terms with. A recent study conducted by the community of Turin shows the size of the phenomenon: there were 3,700 foreigners with regular visas in 1979; 7,100 in 1980; and 10,500 in 1982. Of course, there are many "clandestines" in addition to the "regulars." There are at least 10,000 illegal aliens in the Piedmont capital alone. Who are they? What are they doing? There are about 4,000 "nomads" (mainly North Africans) linked to strange organizations that send them out to sell all kinds of rugs, tablecloths, wood sculptures and odds and ends on the street. Then there are the household servants, "Filippinos." Thais, Vietnamese, Singhalese, Ethiopians, Eritreans, Salvadorans, Bolivians, etc., such as are found in any big city. Some have also begun to move into some industries (especially foundries, where the work is very hard) and small factories. Here, however, it is hard to hire illegal aliens, and the practice seems to be limited at present to a few hundred cases. But it may increase without notice.

"For the moment, foreign immigrants in the Piedmont form an underground microcosm," says Dino Sanlorenzo, vice-president of the regional council. "Few have found work in the production system, and most are adapting to the heavy, low-paid work that Turinese won't take."

Lombardy. Of the 150,000 immigrants living in Lombardy (60,000 in Milan), about 20,000 come from EEC or OECD countries and are privileged to hold good jobs with all legal protection. The others form the great magma where almost anything can happen and almost anything is permitted. One of the most serious problems for them in Milan is lodging. Many spend 70 percent of their wages for a bed. Most often they are piled up 5 or 6 in a room or a micro-apartment on the outskirts of town.

"I take care of Ethiopians, Eritreans, and Somalians, mainly, about a thousand of them, and I give out hot pasta to about 200 every day," says Don Marino, a Capuchin friar from Eritrea at the Milan monastery on Via Piave. What are the living conditions of the people he helps? "Bad. Almost all are illegals; some have escaped from wars in their own countries and have no papers. They get into Italy illegally and can't hope to obtain visas. I think the Italian government ought to give them political refugee status, as it does for many Chileans and Vietnamese."

Two years ago the Milan CISL created the CESIL (Workers' International Solidarity Center). It is headed by Augusto Piazza and Damiano Bonini, who explain that the immigrants who have come to them are almost all illegal. "Half are employed as household workers and are mostly women. They also work in pizzerias, bars and restaurants. Once it was Neapolitan riffraff; now it's illegal or semi-legal workers. The riffraff have become straw bosses who hire underpaid workers. Then the immigrants work as janitors, garage or warehouse attendants, and do heavy construction work. There are a lot of Egyptians in construction; building contractors save a mint of money hiring them." The CESIL has also published a "practical guide" for immigrants (a 24-page illustrated pamphlet with advice and information, and they are compiling requests that the union will present to the city government. One basic point is the "right to health care on a basis equal to Italian workers."

Liguria. In Genoa, the Association of Ocean and Ship Captains puts the number of colored people in the merchant marine at about 40 percent (more than 10,000); they are mostly Central Africans and Asians. An "international" crew enables shippers to save up to 25 percent on the cost of running a ship. Foreign sailors are generally hired only on the basis of their passports, which thus evades any contractual guarantees and social security benefits.

Latium. A study of the situation of foreigners in Rome, carried out by the CGIL in collaboration with the university in 1981, stated that out of 79,800 counted only 27,000 came from the Third World. This estimate is very much out of date. The flood of immigrants has definitely increased in the capital. The largest colony seems to be that of the Cape Verdians and Filippinos, followed by those of the Eritreans and Somalians. Father Ryan, an Irish priest at the church of San Silvestro, where he says mass in English, says, "Up to a few years ago, a few Filipinos, Singhalese and Thais used to come; no more than about twenty. Now as many as 600 show up on Sundays. In two rooms that we have made available to them, they sing, dance and form groups to go and visit their compatriots who are in the hospital."

A study on Latium reveals that in the past year only 30 percent of the male immigrants had a steady job and that 50 percent were unemployed. The most common jobs were what you would expect in a big city: household workers, chambermaids, dishwashers, hod carriers, street vendors, etc. Only the most fortunate have succeeded in finding steady jobs as porters or watchmen in some factory in Pomezia or as farm workers in the Latina area.

Sicily. The boats from Tunisia come to Sicily once a week. The "Africans' boat" pulls into Trapani on Saturdays at 1900 hours; in Palermo, on Thursdays at 0600. Every time it brings about 400 Tunisians and other Maghrebi. Some have tourist visas, some get by without any, some leave after a few days, and many remain. There are now thought to be more than 5,000 illegal Tunisians in Sicily. Many are working on fishing boats out of Mazara del Vallo and Trapani, and their wages are somewhat below those provided by contract; however, they are not insured and are not reported to surveillance organizations. In the Agrigento region and in other farming areas in the interior of the island, Tunisians, Libyans, Egyptians, and Algerians are employed as laborers, mainly for seasonal work. They are hired under the ancient system of on-the-spot recruitment and daily pay (about 18,000 lire), which is distributed by a "corporal" acting as paymaster. The immigrants help each other survive by means of an almost tribal microeconomy. In some areas of Sicily, the Arab immigrants have set up small casbahs with their little markets and a system of lodgings.

Emilia-Romagna. The most recent development on the foreign-labor market is the immigrants' employment in industry proper. As we have seen, some immigrants have been working in foundries in the Piedmont. A 1981 study in the Reggio Emilia province shows that more than 300 foreign workers were employed in metalworking, (especially in foundries) and that there were more than 1,000 of them in all, while 4,000 Italians were on the unemployment rolls and 2,000 were on wage supplement. Once again the question arises: How come? Luciano Bertolini, the owner of a foundry in Montecchio, says, "I've combed the region and all of Italy for people to work in the foundry; everybody turned me down. Too hot, too tiring, they say. Then I took on some Egyptians. I don't regret it. I now have 38 of them, and the plant is once again running smoothly." Another small businessman in Albinea looked for workers for his rug factory for months. "The work is too repetitive, too boring," they told him. So he hired Egyptians and Tunisians. Throughout Emilia-Romagna, Africans and some Asians like them have found jobs in the building trades and also in some factories and brickworks. In Venetia, tanneries in the Vicenza region employ hundreds of colored immigrants. However, they are often illegals, who are paid "under the table."

At this point the situation must be faced somehow. What to do? Should the borders be closed again, thus exercising a protectionist option that we blamed other countries for when they refused our emigrants in past years? Our governmental structures seem unprepared to meet the challenge. At the moment the government is heading in two directions at once. A regulation passed a year ago seems only to have increased the number of illegals. The Senate recently passed and sent to the Chamber of Deputies a bill authored by Minister Michele Di Giesi to provide equal economic and social assistance to both foreign and Italian workers. This is certainly a step forward compared to an earlier bill proposed by Virginio Rognoni, which was little more than a harsh police crackdown. But the unions are also criticizing the Di Giesi proposal, observing that it applies only to settled employees and does not take into account border-crossers and seasonal workers; nor does it mention civil rights and the like. "The bill now under discussion does not go beyond control of the labor market and must be considered a first step," we were told by Franco Salvatori, of the CGIL International Office. Foreign Affairs Undersecretary Mario Fioret defended the government's bill when he spoke at the Venice convention on foreign workers; he says that in this area "humanitarian motives are just, but caution is also needed. We have to be ready to meet the immigrants as we ought to, not by putting them in ghettos. For that reason their number is controlled."

For his part, the general director of Confindustria [General Confederation of Italian Industry], Alfredo Solustri, has held that "taking in foreign workers runs the risk of increasing present inequalities, because underpaid illegal labor is unfair competition for our own workers." Many people reply that this is not true. The director of CENSIS [Social Investment Study Center], Giuseppe De Rita, notes that "foreign workers are often hired in an attempt to ease the ever-increasing rigidity of the Italian labor supply. Immigrant labor thus complements rather than replaces our domestic labor force." "It's an old prejudice that foreign workers steal jobs from Italians," says Massimo Strappazon, a student of the situation, and Franco Monguzzi, the author of a study of immigration into the Piedmont, adds, "As Third World immigrants have concentrated mostly in heavy labor and construction work, they have made it possible for Italian workers to move into more interesting positions in the tertiary sector." Mario Gargano, Christian Democratic undersecretary of Labor

and chairman of the Regional Commission on Employment in Campania and Basilicata, puts it most simply, "People hereabouts want the job, not the work."

He seems to be right. In Naples not long ago, the Pontello company's bid won a contract to rebuild the sewerage catch basins and advertised 800 jobs. Only 3 people applied. But when jobs for ushers were advertised in the Campania region, there were 11,000 applications.

How Many There Are

Foreign workers in Italy: about 800,000
Clandestines: 80 percent
"Regulars": 20 percent
Seasonal workers in Italy: about 200,000

The most recent estimate by CENSIS puts the number of foreign workers at 800,000. That is about half the number cited by the ministry of the Interior. To these can be added "seasonal" workers, who come to Italy for 4 or 5 months out of the year. At least 80 percent of the foreign workers from the Third World are clandestine.

Where They Come From

200,000 "Islands in the sun": Cape Verde, Mauritius, etc.
80,000 North Africa: Morocco, Algeria, Tunisia
40,000 Egypt
40,000 Asia: Thailand, India, Indonesia, Sri Lanka
30,000 South America
55,000 EEC countries: northern and central Europe
35-40,000 Greece
30-40,000 Yugoslavia
10,000 Spain and Portugal
50,000 other countries

Immigrants from the Third World have increased by 200 percent in the last 10 years; they are Africans, Asians and South Americans. The figures given above reflect the most recent data.

[A map showing distribution is on the following page]

[caption] How They Are Distributed

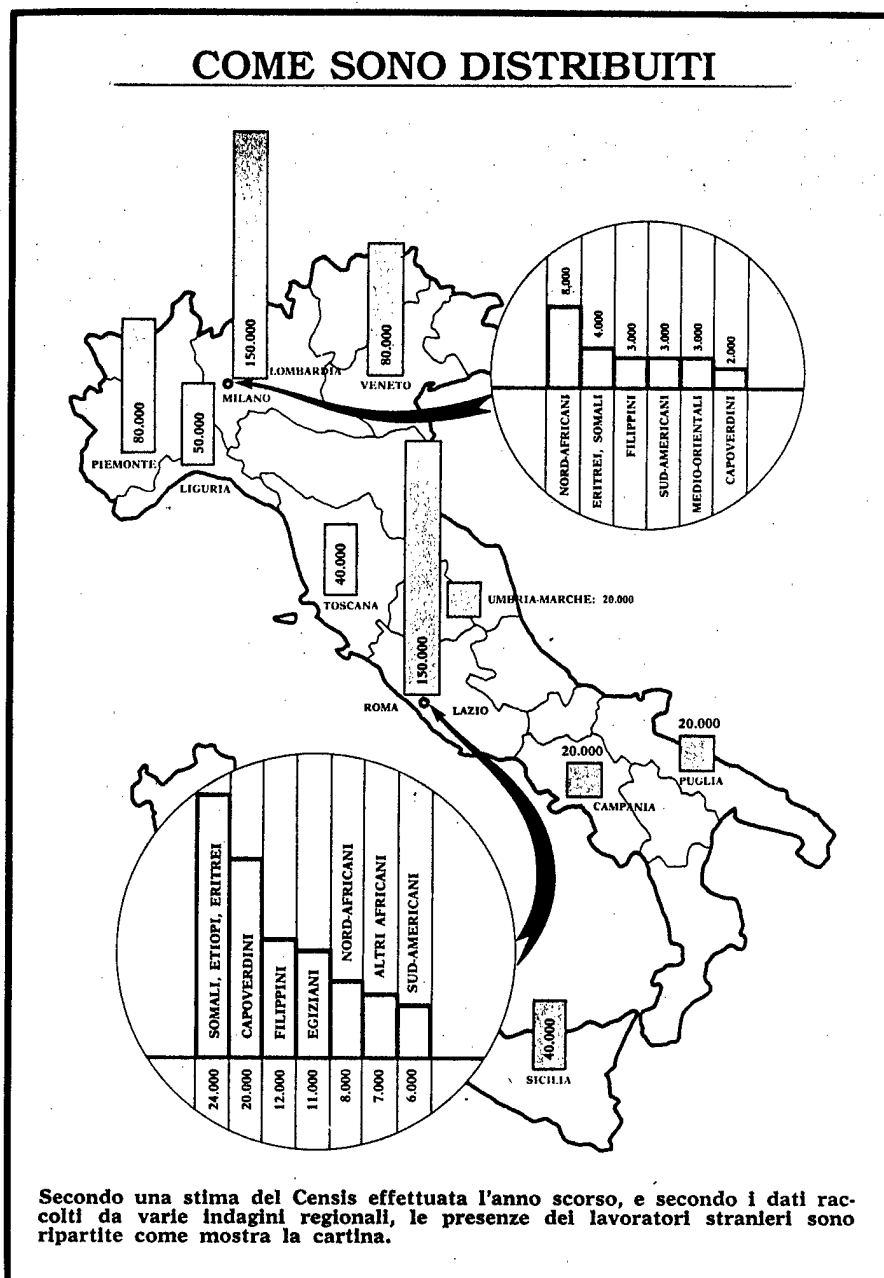
[note] According to a CENSIS estimate made last year and data gathered by various regional studies, foreign workers are distributed as shown on the map.

[top circle, left to right]

North Africans	8,000
Eritreans, Somalians	4,000
Filipinos	3,000
South Americans	3,000
Middle Easterners	3,000
Cape Verdians	2,000

[bottom circle, left to right]

Somalians, Ethiopians, Eritreans	24,000
Cape Verdians	20,000
Filipinos	12,000
Egyptians	11,000
North Africans	8,000
Other Africans	7,000
South Americans	6,000



ANALYSIS OF EARLY RETIREMENT DECREE-LAW FOR PUBLIC SECTOR.

Rome CONQUISTE DEL LAVORO in Italian 14 Mar 83 (Supp) pp 2-3

[Article by Elio Corrente: "Early Retirement: an Undoubtedly Pressing Issue"]

[Text] The decree-law of 29 January 1983, No 17, has drawn the attention of public opinion to a burning issue, that of early retirement in the public sector.

It is not our intent to go into this law in detail. It has been widely reported in the specialized and non-specialized press.

As is the custom with the "Punto Lazio" news supplement, we shall analyze the problem briefly and then give policy recommendations.

Social security in the public sector is, of course, affected by severance pay. We know that conditions in this area are not as favorable as in the private sector and that the system is, in any case, very different in the public sector. We realize that there is an urgent need to solve the problems linked to severance pay and the unification of the agencies involved (ENPAS [National Board of Social Security and Welfare for Civil Servants], INADEL [expansion unknown], etc.).

However, we shall be dealing exclusively with early retirement pensions here; the pension and social-security issue is admittedly much larger and more complex.

The Early Retirement Issue

The report of the study commission chaired by Prof Castellino on behalf of the Treasury ministry (1981) brought out the differences between the various pension systems for early and regular retirement, differences prevailing not only between the public and private sector but also within the public sector itself (see Tables I and II).

While pension systems set the retirement age at 60 and 65, /the public sector allows early retirement at any age/ [emphasized in the text], provided the employee has served at least 20 years in the national government or 25 years in local government. These limits are reduced by 5 years for women who are married or have children. Pensions are also given on the basis of even lower accrued time because of particular regulations (education, etc.). In the private sector, early retirement --the so-called old-age pension--can be taken with 35 years of contributions to the retirement fund; almost all so-called figurative contributions (bonuses, etc.) are excluded. However, the FPLD [expansion unknown; a program under the National Social Security Institute] does not allow retirement before age 50.

There are other ways of adjusting the retirement age (discounts under law No 336, early retirement in industry for companies in financial difficulties, disability, etc.), and some of them are of debatable worth and cause special harm to fund reserves. But the Castellino commission has shown how early retirement in public employment is also a source of high costs to the government. A survey taken by the commission, albeit with a small sample, shows that fewer than 14 percent of government workers and fewer than 16 percent of local government employees reach retirement age (Table III).

The Castellino commission has proposed, among other things, abolishing immediately the 5-year bonus to women who are married or have children (a measure that does in fact appear in the decree-law). It also proposes the gradual equalization of requirements for voluntary early retirement first among national and local government employees and subsequently among white-collar workers generally.

Table I: Pension-Granting Institutes in the Public Sector

<u>organization</u>	<u>workers covered</u>
Treasury ministry	national government workers and employees of autonomous agencies
State Railways Pension Fund	employees of the Autonomous Railway Agency
Postal-Telegraph-Telephone (IPOST) Institute (independently-managed fund)	personnel of local offices and agencies (ULA [expansion unknown])
Insurance Funds under the Treasury ministry:	
(a) CPDEL (Local Government Employees Pension Fund)	
(b) Health Pension Fund	
(c) Mental Health Workers Pension Fund	local agency and hospital employees
(d) Judicial Offices Pension Fund	

Some Specific Questions Linked to Calculating Pensions

There are some notable differences in the ways in which public and private pensions are calculated, especially in the public sector. There is the special integrated indemnity, which, for civil servants, is always 80 percent of active employees' pay, no matter how many years they may have put in. In the private sector, however, unemployment benefits are an integral part of pensionable pay and is therefore proportional to the number of years insured, to the salary years taken as a reference base (national government: the last pay received; INPS, the last 5 years with the first 4 years adjusted); and to a different scale of parameters with advantages for the national government and local governments (see Table IV): with 15 years, the State gives 14.3 percent; CPDEL, 37.5 percent; INPS, 30 percent; with 40 years, the State gives 94.4 percent; CPDEL, 100 percent; INPS, 80 percent.

Table II: Retirement Age, Early Retirement, Pension-Salary Ratio

<u>authority</u>	<u>retirement age</u>		<u>early retirement pensions</u>	<u>salary-pension ratio</u>
	<u>men</u>	<u>women</u>		
Treasury ministry insurance institutes	60	60	25 years of service (20 for women married or with children)	100 pct of pension- able salary with 40 years of service (last month)
National government: ordinary pensions	65	65	20 years of service (15 for women married or with children)	80 pct of pension- able salary with 40 years of service (last month)
Post Office (ULA)	65	65	(see National govern- ment) 15 years with illness severance	80 pct of pension- able salary with 40 years of service (last month)
Railway workers	58 (60)		for resignation and layoff (see National government); 10 years of service are also sufficient	80 pct of pension- able salary with 40 years of service (last month)
FPLD (INPS [National Social Security Insti- tute])	60	55	35 years (excluding leaves, etc.)	80 pct of the average pensionable salary in the last 5 years with the first 4 years ad- justed, after 40 years of service

The Castellino commission still thinks that the preferential treatment enjoyed by groups with less seniority is unjustified. It also thinks that a study should be made for revising the way in which the special indemnity is calculated for government pensioners. Upon retirement, this indemnity would thus be made proportional to contributions (an attempt to adjust the special indemnity can be found in the Gorla decree). The commission projects, among other things, that the indemnity will amount to 70 percent of the average national government pension by 1985, whereas it stood at about 50 percent in 1980.

This series of differentiations (scale of parameters, special indemnity, and base pay) leads to great inequities in the computation and value of pensions. An article by Bruno Bertona, of the Confederation Pension Office, appeared in CON-QUISTE DEL LAVORO, No 9, 28 Feb 83; it pointed out in particular that at lower ages the pensions for civil servants is more than double those of the FPLD (Table V). We are reporting the tables, with the simulations made by Bertona, to facilitate our readers' understanding, even though these tables have already appeared in other journals.

The Debate Over Entitlements

Many have raised the objection that decree-law No 17 affects an acquired and therefore inalienable entitlement to the extent that it tends to modify the regulation in force at the time the labor law goes into effect.

In an article in the 16 February issue of LA REPUBBLICA, Ermanno Gorrieri contests this point. He says that up to 1959 there was no wage indexation in government employment. Law No 324 of 1959 instituted special wage indemnity, which was to be computed annually by applying cost of living allowances at a fixed rate of 40 thousand lire a month. This system was radically changed by law No 364 of 31 July 1975, which essentially extends to government employees the formula in use in industry, one that was much more advantageous than the preceding one.

However, Gorrieri says, as far as the new law is concerned, public employees beginning work after 31 July 1975 can protest (they would not have enough seniority to ask for early retirement).

For the other employees, the national government should promise an indemnity computed according to the provisions of the 1959 law; its present effect would be to assign pensioners 196,800 lire rather than the 448,554 lire they now receive.

Some claim that while it is a good thing to eliminate privileges, it should be done exclusively to future employees. In practice, they say, it would be inadmissible to make reforms that would provide treatment less favorable than what is now available. However, Gorrieri reminds us that two events recently took place without any opposition: the abolition of anomalous wage indexation by law No 91 of 31 March 1977 and the recent agreement of 22 January 1983, which reduced wage indexation for all workers and, consequently, for pensioners as well.

The Political Prospects

As for the decree, I think there is no need to adjust the point value of wage indexation, which ought to be equal for all, and that the present figure of 448,554 lire should be guaranteed in the future to old and new pensioners alike.

But the issue is obviously more complex, and as far as the approval of the decree is concerned, it may be said that:

[1] There is certainly a problem with early retirement. Pensions must be put in order justly and equitably even as pension-fund costs are contained. At a time when drastic measures are being taken to eliminate gross distortions in the retirement system, such as disability and illness payments, etc., the problem of early retirements cannot be neglected. Besides, at a time when various kinds of proposals are being made around the country concerning retirement age, we think the presence of such marked forms of early retirement is anachronistic. (Former Labor Minister Di Giesi recommended that the retirement age be obligatory as a measure aimed at making up the INPS deficit; the unions hold that it should be voluntary as an active labor policy for the benefit of older people.)

[2] This operation should be accomplished not through sporadic provisions but by standardizing pensions and making all optional early retirement pensions equal to the INPS old-age pension (35 years).

[3] In this context, any entitlements and acquired seniority should be preserved.

[4] The union has looked favorably upon the Scotti bill, which has been approved jointly by commissions I and XIII of the Chamber of Deputies (Constitutional Affairs and Labor Commission). This bill makes reforms in the pension system. Article 6 proposes extending some regulations of FPLD early retirement (35 years of contributions) to the substitutionary, exonerative and exclusionary systems of the INPS General Mandatory Insurance fund. This article also establishes a transition period lasting till 31 December 1990, in which the more favorable optional early retirement plans may be used.

[5] One of the consequences should be making pensions and pay completely non-cumulative, as is now the case in the private sector.

[6] Obviously, as time goes by and the law is not being debated in parliament, this transition period seems a bit tight to us. However, we do not believe in being rigid about the transition period, once the principle of homogenizing early retirement regulations is asserted. The CISL [Italian Confederation of Labor Unions], in an effort to protect entitlements, has drawn up a proposal of its own that recognizes acquired seniority as well as acquired entitlements.

[Key to Table III is on next page]

(1) Tab. III: Distribuzione delle pensioni dirette di nuova liquidazione per età del beneficiario					
(2) Dipendenti civili dello Stato - Anni 1976-79 (Valori percentuali)					
(3)	Anni di età	(4)	Maschi	(5) Femmine	(6) Totale
Meno di 40	(7)		0,89	3,95	1,89
40 - 44			1,70	4,53	2,62
45 - 49			2,84	6,71	4,10
50 - 54			7,83	14,89	10,12
55 - 59			40,73	27,10	36,30
60 - 64			34,54	25,43	31,58
65 ed oltre	(8)		11,47	17,39	13,39
(9) Istituti di previdenza del Ministero del Tesoro - Anni 1976-79 (Valori percentuali)					
(3)	Anni di età	(4)	Maschi	(5) Femmine	(6) Totale
Meno di 40	(7)		0,27	5,06	1,44
40 - 44			0,56	8,91	2,59
45 - 49			1,90	9,72	3,80
50 - 54			7,68	14,32	9,29
55 - 59			45,56	20,39	39,45
60 - 64			29,70	21,27	27,65
65 ed oltre	(8)		14,33	20,33	15,78

- (1) Table III: Distribution of Direct Pensions at Retirement by Age of Beneficiary
 (2) National government civilian employees, 1976-79 (in percentages)
 (3) years of age
 (4) male (5) female (6) total
 (7) under 40 (8) 65 and over
 (9) Treasury Ministry Benefits Institute, 1976-79 (in percentages)

(1) **Tab. IV: Scale parametrali per anni di servizio prestati per il calcolo della pensione sulla retribuzione pensionabile**

(2) Anni	(3) Stato (Personale Civile)	(4) CPDEL	(5) Ferrovieri	(6) FPLD INPS
15	41,300	37,500	42,48	30
16	43,424	38,800	44,84	32
17	45,548	40,200	47,20	34
18	47,672	41,700	49,56	36
19	49,796	43,300	51,92	38
20	51,920	45,000	54,28	40
21	54,044	46,800	56,64	42
22	56,168	48,700	59,00	44
23	58,292	50,700	61,36	46
24	60,416	52,800	63,72	48
25	62,540	55,000	66,08	50
26	64,664	57,300	68,44	52
27	66,788	59,700	70,80	54
28	68,912	62,200	73,16	56
29	71,036	64,800	75,52	58
30	73,160	67,500	77,88	60
31	75,284	70,300	80,24	62
32	77,408	73,200	82,60	64
33	79,532	76,200	84,96	66
34	81,656	79,300	87,32	68
35	83,780	82,500	89,68	70
36	85,904	85,800	92,04	72
37	88,028	89,200	94,40	74
38	90,112	92,700	94,40	76
39	92,276	96,300	94,40	78
40	94,400	100,000	94,40	80

(1)
 Table IV: Scale of Parameters
 per Years of Service for Computing
 Retirement Income on Pensionable Pay

- (2) years
 (3) national government (civilian
 personnel)
 (4) CPDEL
 (5) Railway Workers
 (6) FPLD INPS